



世達科技(控股)有限公司

**World Wide Touch Technology (Holdings) Limited**

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1282

Interim Report ■ 2012

From Design, Build-to-ship and Beyond

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## **Corporate Profile**

World Wide Touch Technology (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 17 July 2009. The Company is an investment holding company and its subsidiaries (collectively the “Group”) are principally engaged in the manufacturing of capacitive touch pads mainly used in notebook computers.

Since 2007, the Group has been actively diversifying its products to include capacitive touch screen controllers and modules, fingerprint biometric devices, wireless charging devices and plasma lighting source products.

With a vision of being a provider of “life technologies” to facilitate and improve the daily life of the users, the Group strives to employ cutting-edge technologies in its products and implement strategic development plans in an effort to enlarge its market share and promote the diversification of its product mix.

The Company has been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 December 2010.

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Wong Kwok Fong  
*(Chairman and Chief Executive Officer)*  
Ms. Ching Pui Yi *(Chief Operating Officer)*  
Mr. Tan Hui Kiat *(Senior Operations Director)*

#### **Independent Non-Executive Directors**

Mr. Wong Chun Bong  
Professor Lee Kwok On, Matthew  
Mr. Chan Wai

### **AUDIT COMMITTEE**

Mr. Wong Chun Bong *(Chairman)*  
Professor Lee Kwok On, Matthew  
Mr. Chan Wai

### **NOMINATION COMMITTEE**

Mr. Wong Kwok Fong *(Chairman)*  
Mr. Wong Chun Bong  
Mr. Chan Wai

### **REMUNERATION COMMITTEE**

Mr. Chan Wai *(Chairman)*  
Mr. Wong Kwok Fong  
Mr. Wong Chun Bong

### **STRATEGIC INTELLECTUAL PROPERTY AND TECHNOLOGY COMMITTEE**

Mr. Wong Kwok Fong *(Chairman)*  
Mr. Tan Hui Kiat  
Professor Lee Kwok On, Matthew

### **COMPANY SECRETARY**

Ms. Kwok Ling Yee, Pearl Elizabeth

### **PRINCIPAL BANKERS**

Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia)  
Limited  
Bank of China Limited  
Industrial and Commercial Bank of China Limited

### **COMPLIANCE ADVISER**

CMB International Capital Limited

### **LEGAL ADVISER**

Sidley Austin

### **AUDITOR**

PricewaterhouseCoopers  
*Certified Public Accountants*

### **REGISTERED OFFICE**

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman, KY1-1111  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Suites 2601-2, 26/F, Tower 2, Nina Tower  
8 Yeung Uk Road, TWTL 353, Tsuen Wan  
New Territories, Hong Kong

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House, 68 Fort Street  
P.O. Box 609, Grand Cayman KY1-1107  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
26/F Tesbury Centre, 28 Queen's Road East  
Hong Kong

### **LISTING VENUE**

Main board of The Stock Exchange of  
Hong Kong Limited

### **STOCK CODE**

01282

### **COMPANY WEBSITE**

<http://www.wwtt.hk>

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**TO THE BOARD OF DIRECTORS OF WORLD WIDE TOUCH TECHNOLOGY (HOLDINGS) LIMITED**  
(incorporated in the Cayman Islands with limited liability)

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 4 to 30, which comprises the interim condensed consolidated balance sheet of World Wide Touch Technology (Holdings) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2012 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 24 August 2012

## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012

	Note	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	617,072	557,750
Land use right	7	4,980	5,038
Intangible assets	7	90,155	33,696
Available-for-sale financial assets	8	53,111	39,007
Deferred income tax assets		3,214	2,192
Prepayments and deposits	10	17,122	54,581
		<b>785,654</b>	692,264
<b>Current assets</b>			
Inventories		191,053	176,296
Trade receivables	9	227,555	149,089
Prepayments, deposits and other receivables	10	24,433	40,922
Financial assets at fair value through profit or loss		1,076	926
Cash and cash equivalents		451,251	563,382
		<b>895,368</b>	930,615
<b>Total assets</b>		<b>1,681,022</b>	1,622,879
<b>EQUITY</b>			
<b>Owner's equity attributable to the Company's equity holders</b>			
Share capital	11	292,708	292,708
Share premium	11	565,489	565,489
Reserves		223,281	258,172
		<b>1,081,478</b>	1,116,369

## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012

	Note	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	12	–	13,759
Deferred income tax liabilities		3,335	320
		3,335	14,079
<b>Current liabilities</b>			
Trade and bills payables	14	185,285	135,412
Accruals and other payables	15	103,932	61,078
Bank borrowings	12	275,453	262,751
Finance lease obligations	13	13,094	17,446
Current income tax liabilities		18,445	15,744
		596,209	492,431
<b>Total liabilities</b>		<b>599,544</b>	506,510
<b>Total equity and liabilities</b>		<b>1,681,022</b>	1,622,879
<b>Net current assets</b>		<b>299,159</b>	438,184
<b>Total assets less current liabilities</b>		<b>1,084,813</b>	1,130,448

The notes on pages 9 to 30 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	6	604,028	644,300
Cost of sales		(542,454)	(513,722)
Gross profit		61,574	130,578
Other income – net	16	892	109
Distribution costs		(9,325)	(4,123)
Administrative expenses		(80,532)	(62,539)
Operating (loss)/profit	17	(27,391)	64,025
Finance income	18	5,496	3,342
Finance costs	18	(3,405)	(7,108)
6 Finance income/(costs) – net	18	2,091	(3,766)
(Loss)/profit before income tax		(25,300)	60,259
Income tax expense	19	(3,190)	(9,139)
(Loss)/profit attributable to equity holders of the Company		(28,490)	51,120
Other comprehensive (loss)/income			
Fair value loss on available-for-sale financial assets		(100)	–
Currency translation differences		22	–
Other comprehensive loss for the period		(78)	–
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		(28,568)	51,120
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
– basic (expressed in HK cents per share)	20	(0.97)	1.75
– diluted (expressed in HK cents per share)	20	N/A	N/A
Dividends	21	–	14,987

The notes on pages 9 to 30 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to the equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Share issuance costs HK\$'000	Statutory reserve HK\$'000	Available- for-sale financial assets HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
(Unaudited)										
<b>For the six months ended</b>										
<b>30 June 2012</b>										
At 1 January 2012	292,708	565,489	(215,150)	12,411	-	30,524	-	-	430,387	1,116,369
Loss for the period	-	-	-	-	-	-	-	-	(28,490)	(28,490)
Other comprehensive (loss)/income:										
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(100)	-	-	(100)
Currency translation difference	-	-	-	-	-	-	-	22	-	22
Total other comprehensive (loss)/income	-	-	-	-	-	-	(100)	22	-	(78)
Total comprehensive (loss)/income	-	-	-	-	-	-	(100)	22	(28,490)	(28,568)
Transfer to statutory reserve	-	-	-	-	-	1,443	-	-	(1,443)	-
Dividends relating to 2011 paid during the period	-	-	-	-	-	-	-	-	(6,323)	(6,323)
At 30 June 2012	292,708	565,489	(215,150)	12,411	-	31,967	(100)	22	394,131	1,081,478
(Unaudited)										
<b>For the six months ended</b>										
<b>30 June 2011</b>										
At 1 January 2011	287,000	517,267	(215,150)	12,411	-	23,049	-	-	381,747	1,006,324
Profit for the period	-	-	-	-	-	-	-	-	51,120	51,120
Transfer to statutory reserve	-	-	-	-	-	3,849	-	-	(3,849)	-
Exercise of over-allotment	5,708	48,522	-	-	-	-	-	-	-	54,230
Professional fees in relation to the Global Offering	-	-	-	-	(300)	-	-	-	-	(300)
Transfer to share premium	-	(300)	-	-	300	-	-	-	-	-
At 30 June 2011	292,708	565,489	(215,150)	12,411	-	26,898	-	-	429,018	1,111,374

The notes on pages 9 to 30 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash generated from operating activities	30,408	93,746
Net cash used in investing activities	(98,733)	(58,206)
Net cash (used in)/generated from financing activities	(43,727)	72,809
Net (decrease)/increase in cash and cash equivalents	(112,052)	108,349
Cash and cash equivalents at beginning of the period	563,382	550,311
Exchange (loss)/gain on cash and cash equivalents	(79)	7,514
Cash and cash equivalents at end of the period	451,251	666,174

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The notes on pages 9 to 30 form an integral part of this condensed consolidated interim financial information.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **1 GENERAL INFORMATION**

World Wide Touch Technology (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in the trading and manufacturing of electronic products and equipment.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2010 pursuant to the global offering (the “Global Offering”).

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 24 August 2012.

This condensed consolidated interim financial information has not been audited.

#### **Key events**

The operational highlight of the period was the acquisition of Gallant Tech Limited, a company principally engaged in equipment supply and services in the printed circuit board assembly and semiconductor packaging market. Further details are given in Note 25.

In June 2012, the tax audit of World Fair International Limited, a subsidiary of the Company, was settled and the tax liabilities in relation to the tax audit were indemnified by the controlling shareholders of the Company. Further details are given in Note 19.

### **2 BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months period ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning on 1 January 2012 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised)	Separate financial statements	1 January 2013
HKAS 28 (Revised)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities	1 January 2013
HKFRS 9 (Amendment)	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HK(IFRIC)- Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **4 ESTIMATES**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

### **5 FINANCIAL RISK MANAGEMENT**

#### **5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

#### **5.2 Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available.

#### **5.3 Fair value estimation**

The fair value measurements of financial instruments of the Group that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT *(continued)*

#### 5.3 Fair value estimation *(continued)*

The following table presents the Group's assets/(liabilities) that are measured at fair value at 30 June 2012:

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2012			
Financial assets at fair value through profit or loss	1,076	–	1,076
Available-for-sale financial assets <i>(Note)</i>	6,304	46,807	53,111
Contingent consideration payable <i>(Note 15)</i>	–	(21,923)	(21,923)
	<b>7,380</b>	<b>24,884</b>	<b>32,264</b>
As at 31 December 2011			
Financial assets at fair value through profit or loss	926	–	926
Available-for-sale financial assets <i>(Note)</i>	–	39,007	39,007
	926	39,007	39,933

*Note:*

As at 30 June 2012, the Group had available-for-sale financial assets of HK\$46,807,000 (2011: HK\$39,007,000) that are within Level 3. These available-for-sale financial assets represent the investment in equity instruments that do not have a quoted market price in an active market. The carrying amount of investment cost approximates its fair value. The Group does not intend to dispose of the available-for-sale financial assets within 12 months from the period-end date.

For the six months ended 30 June 2012 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2012 there were no reclassifications of financial assets.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **6 SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (the “CEO”) that are used to make strategic decisions.

The CEO considered the business from a product perspective. The reportable operating segments were classified as capacitive touch products, fingerprint biometric devices, lighting source products and wireless charging devices prior to 2012. Starting from 2012, due to the change in its internal organisation, management has reassessed the Group’s operating segment composition and considered a reclassification being more appropriate for business performance review. As such, the Group has restated the corresponding items of segment information for prior period.

Following the change in the composition of its reportable segments, the Group’s current reportable segments comprise life energy, life security, life touch and automation.

Other segments include mainly automotive parts and high power amplifiers. These are not qualified as reportable segment as these segments do not meet the quantitative threshold required by HKFRS 8 and accordingly, the segment information of these operations are included in “other segments”.

The CEO assesses the performance of the operating segments based on a measure of operating profit.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION *(continued)*

Sales between segments are carried out at arm's length. The Group's revenue by segment is as follows:

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Total	Inter	Revenue	Total	Inter	Revenue
	segment	segment	from	segment	segment	from
	revenue	revenue	external	revenue	revenue	external
	HK\$'000	HK\$'000	customers	HK\$'000	HK\$'000	customers
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Life energy	21,482	-	21,482	44,717	-	44,717
Life security	95,421	-	95,421	107,452	-	107,452
Life touch	190,069	-	190,069	362,351	-	362,351
Automation	209,667	(23,794)	185,873	-	-	-
Other segments	111,183	-	111,183	129,780	-	129,780
<b>Total</b>	<b>627,822</b>	<b>(23,794)</b>	<b>604,028</b>	<b>644,300</b>	<b>-</b>	<b>644,300</b>

Reportable segment information is reconciled to (loss)/profit before income tax as follows:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
<b>Operating profit</b>		
Life energy	455	12,387
Life security	4,182	19,134
Life touch	26,902	81,071
Automation	6,000	-
Other segments	1,391	17,986
<b>Total</b>	<b>38,930</b>	<b>130,578</b>
Depreciation shared by various reportable segments and head office	(10,407)	(7,396)
Amortisation of land use right	(58)	(58)
Other income – net	892	109
Other distribution costs and administrative expenses	(56,748)	(59,208)
Finance income/(costs) – net	2,091	(3,766)
<b>(Loss)/profit before tax</b>	<b>(25,300)</b>	<b>60,259</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION *(continued)*

Other segment items – depreciation and amortisation

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Life energy	1,871	3,174
Life security	11,319	7,181
Life touch	13,348	9,798
Automation	2,144	–
Other segments	4,302	5,222
<b>Total</b>	<b>32,984</b>	<b>25,375</b>

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Unaudited)
	<b>Segment assets</b>	
Life touch	206,229	135,706
Life security	99,143	120,156
Life energy	57,050	86,346
Automation	165,536	–
Other segments	163,474	174,875
<b>Segment assets for reportable and other segments</b>	<b>691,432</b>	<b>517,083</b>
<b>Unallocated:</b>		
Property, plant and equipment shared by various reportable segments	337,815	306,026
Land use right	4,980	5,038
Deferred income tax assets	3,214	2,192
Available-for-sale financial assets	53,111	39,007
Intangible assets – goodwill	45,222	1,500
Inventories shared by various reportable segments	104,059	99,993
Prepayments, deposits and other receivables	39,901	87,732
Financial assets at fair value through profit or loss	1,076	926
Cash and cash equivalents	400,212	563,382
	<b>989,590</b>	<b>1,105,796</b>
<b>Total assets</b>	<b>1,681,022</b>	<b>1,622,879</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHT AND INTANGIBLE ASSETS

	Intangible assets					Total intangible assets HK\$'000	Property, plant and equipment HK\$'000	Land use right HK\$'000
	Trademark and patents HK\$'000	Development costs HK\$'000	Contractual customer relationships HK\$'000	Other intangible assets HK\$'000	Goodwill HK\$'000			
<b>Six months ended 30 June 2012</b>								
<b>(Unaudited)</b>								
Opening net book amount as at 1 January 2012	1,639	30,557	-	-	1,500	33,696	557,750	5,038
Acquisition of subsidiary (Note 25)	-	-	14,497	832	43,722	59,051	1,419	-
Additions	211	9,323	-	-	-	9,534	92,456	-
Disposal	-	-	-	-	-	-	(431)	-
Depreciation and amortisation	(523)	(9,712)	(1,450)	(441)	-	(12,126)	(34,127)	(58)
Exchange differences	-	-	-	-	-	-	5	-
Closing net book amount as at 30 June 2012	1,327	30,168	13,047	391	45,222	90,155	617,072	4,980
<b>Six months ended 30 June 2011</b>								
<b>(Unaudited)</b>								
Opening net book amount as at 1 January 2011	2,842	24,579	-	-	-	27,421	462,232	5,154
Additions	359	14,377	-	-	-	14,736	83,325	-
Disposal	-	-	-	-	-	-	(134)	-
Depreciation and amortisation	(772)	(7,067)	-	-	-	(7,839)	(27,917)	(58)
Closing net book amount as at 30 June 2011	2,429	31,889	-	-	-	34,318	517,506	5,096

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Listed shares – equity securities – Japan	6,304	–
Unlisted shares – equity securities	46,807	39,007
	<b>53,111</b>	39,007
Market value of listed securities	6,304	–

Available-for-sale financial assets of carrying amount of HK\$46,807,000 (2011: HK\$39,007,000) do not have a quoted market price in an active market, with the carrying amount of investment cost approximates its fair value.

### 9. TRADE RECEIVABLES

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Trade receivables	228,092	149,575
Less: Provision for impairment of receivables	(537)	(486)
Trade receivables – net	<b>227,555</b>	149,089

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 TRADE RECEIVABLES *(continued)*

The Group generally grants a credit period of 30 to 90 days to its customers. The ageing analysis of trade receivables is as follows:

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
0 to 30 days	105,272	63,964
31 to 60 days	93,015	50,182
61 to 90 days	17,391	28,480
91 to 120 days	10,760	6,368
Over 120 days	1,654	581
	<b>228,092</b>	149,575

18 Movement on the provision of trade receivables are as follows:

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
At 1 January	486	–
Acquisition of a subsidiary	51	–
Provision for impairment of trade receivables	–	486
At 30 June / 31 December	<b>537</b>	486

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
<b>Current</b>		
Prepayment for purchase of inventories	352	292
Utility and other deposits	2,861	1,779
Value-added tax recoverable	10,194	19,442
Others	11,026	19,409
	<b>24,433</b>	40,922
<b>Non-current</b>		
Prepayments for purchase of property, plant and equipment	17,122	54,581

### 11 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2011	2,870,000	287,000	517,267	804,267
Shares issued upon the exercise of the over-allotment option of the Global Offering (Note)	57,084	5,708	48,522	54,230
Transfer of share issuance costs to share premium	–	–	(300)	(300)
At 31 December 2011, 1 January 2012 and 30 June 2012	2,927,084	292,708	565,489	858,197

Note:

On 4 January 2011 and 11 January 2011, the Company issued 54,000,000 and 3,084,000 shares respectively, totalling 57,084,000 shares of HK\$0.1 each upon the exercise of the over-allotment option of the Global Offering.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12 BANK BORROWINGS

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
<b>Non-current</b>		
Bank loans	–	13,759
<b>Current</b>		
Bank loans	149,096	46,668
Trust receipt loans	126,357	216,083
	<b>275,453</b>	262,751
Total bank borrowings	<b>275,453</b>	276,510

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries.

### 13 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	As at 30 June 2012 HK\$'000 (Unaudited)	As at 31 December 2011 HK\$'000 (Audited)
Total minimum lease payments under finance leases:		
– not later than one year	13,328	17,859
Less: Future finance charges	(234)	(413)
Finance leases obligations	<b>13,094</b>	17,446
Analysis of present value of finance lease obligations:		
– not later than one year	<b>13,094</b>	17,446

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14 TRADE AND BILLS PAYABLES

The aging analysis of the trade and bills payables is as follows:

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
0 to 30 days	96,328	78,326
31 to 60 days	67,513	39,162
61 to 90 days	15,990	14,111
91 to 120 days	3,568	839
Over 120 days	1,886	2,974
	<b>185,285</b>	135,412

### 15 ACCRUALS AND OTHER PAYABLES

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
Payable for purchase of property, plant and equipment	4,600	6,956
Salary and wages payable	13,358	9,634
Accrued operating expenses	14,837	9,822
Advance receipts from customers	15,646	2,991
Provision for value-added tax and other taxes in the PRC	19,257	19,951
Contingent consideration in relation to acquisition of a subsidiary	21,923	–
Other accruals and other payables	14,311	11,724
	<b>103,932</b>	61,078

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16 OTHER INCOME – NET

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Fair value gains/(losses) on financial asset at fair value through profit or loss	150	(42)
Others	742	151
	<b>892</b>	109

### 17 OPERATING (LOSS)/PROFIT

The following items have been charged to the operating (loss)/profit during the period:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	407	134
Depreciation of property, plant and equipment	34,127	27,917
Amortisation of land use right	58	58
Amortisation of intangible assets	12,126	7,839
Transaction cost in relation to acquisition of a subsidiary (Note 25)	1,162	–



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 18 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Finance income		
– Interest income on bank deposits	5,496	3,342
<hr/>		
Finance costs:		
– Bank loans	(1,636)	(4,789)
– Finance lease obligations	(172)	(694)
– Trust receipt loans	(2,276)	(1,625)
– Notional accretion on deferred revenue	(268)	–
– Notional accretion of interest on contingent consideration payable	(680)	–
	(5,032)	(7,108)
<hr/>		
Less amounts capitalised on qualifying assets	1,627	–
	(3,405)	(7,108)
<hr/>		
Finance income/(costs) – net	2,091	(3,766)

### 19 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	1,529	4,507
– Taxation outside Hong Kong	3,123	3,096
	4,652	7,603
Deferred income tax	(1,462)	1,536
	3,190	9,139

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **19 INCOME TAX EXPENSE** *(continued)*

#### **(a) Provision for income tax**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period ended 30 June 2012 (For the period ended 30 June 2011: 16.5%).

The statutory income tax rate applicable to Heshan World Fair Electronics Technology Limited, a subsidiary, is 25%. Pursuant to the relevant tax regulations in the PRC, the subsidiary is eligible for an exemption from the PRC enterprise income tax for two years starting with the first profit-making year, after offsetting prior year losses, followed by a 50% reduction for three immediate subsequent years. 5% withholding income tax is also imposed on dividends relating to profits remitted from the PRC subsidiary.

The first profit-making year (after offsetting prior year losses) of Heshan World Fair Electronics Technology Limited is the year ended 31 December 2008.

Overseas income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

#### **(b) Latest development of tax audit**

In April 2010, the Hong Kong Inland Revenue Department (“IRD”) has carried out a tax audit on the tax affairs of World Fair International Limited (“World Fair Hong Kong”), a subsidiary of the Company, for the years of assessment 2003/04 to 2008/09. During the tax audit, the IRD has issued estimated/additional profits tax assessments for the years of assessment 2003/04 to 2005/06 to World Fair Hong Kong.

In June 2012, the tax audit has been finalised and the settlement amount is HK\$7.76 million.

The amount has been indemnified by Mr. Wong Kwok Fong and Ms. Ching Pui Yi, the controlling shareholders of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 (LOSS)/EARNINGS PER SHARE

#### (a) Basic

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
(Loss)/profit attributable to equity holders of the Company	(28,490)	51,120
Weighted average number of ordinary shares in issue (thousands)	2,927,084	2,926,019
Basic (loss)/earnings per share (HK cents)	(0.97)	1.75

#### (b) Diluted

As the Company had no dilutive ordinary shares for the period (For the six months ended 30 June 2011: Nil), diluted earnings per share for the period is not presented.

### 21 DIVIDENDS

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Interim dividend paid	-	14,987

No interim dividend was declared by the board of directors for the six months ended 30 June 2012 (For the six months ended 30 June 2011: HK\$0.512 cents per share).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22 OPERATING LEASE COMMITMENTS

The Group has leased various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
Not later than one year	6,545	5,742
Later than one year and not later than five years	4,186	3,848
	<b>10,731</b>	9,590

### 23 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment as at the balance sheet date are as follows:

	<b>As at 30 June 2012 HK\$'000 (Unaudited)</b>	As at 31 December 2011 HK\$'000 (Audited)
Contracted but not provided for: Property, plant and equipment	13,149	59,270

### 24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- (a) The Group's banking facilities were secured by corporate guarantees provided by the Company and its subsidiaries.
- (b) The Group has entered into a three-year residential premises lease agreement with Mr. Wong Kwok Fong which will take effect upon the listing of the Company on 15 December 2010, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's residential premises in Jiangmen, the PRC, at a monthly rental of HK\$100,000 as residences for the Group's senior management (For the six months ended 30 June 2011: HK\$99,000 per month).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management compensation

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Directors' fees	870	945
Basic salaries, housing allowances, other allowances and benefits in kind	2,753	2,114
Contributions to pension plans	13	14
	3,636	3,073

(d) Mr. Wong Kwok Fong and Ms. Ching Pui Yi (together, the "Controlling Shareholders") have agreed to fully indemnify the Group and hold the Group harmless for all costs and expenses in relation to the Group's failure to obtain the requisite licenses and permits and any demolish costs for certain properties of the Group.

### 25 BUSINESS COMBINATIONS

On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. Gallant Tech Limited and its subsidiaries (the "Gallant Tech Group") are principally engaged in equipment supply and services in the printed circuit board assembly and semiconductor packaging market. Total consideration amounts to approximately HK\$80 million, which includes cash payment of HK\$58.8 million and estimated contingent consideration of approximately HK\$21.2 million. The acquisition is expected to increase the Group's production process and product quality and thus benefit the Group's business expansion in the PRC. None of the goodwill recognised is expected to be deductible for income tax purposes.

Based on the preliminary purchase price allocation, goodwill amounted to HK\$43,722,000 and is attributable to a pre-existing, well positioned business operations and distribution network in a competitive market, acquired workforce and expected synergies and cost savings through vertical acquisition.

The following table summarises the consideration paid for the acquisition of Gallant Tech Limited, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	HK\$'000
<b>Purchase consideration</b>	
– Cash paid	58,760
– Contingent consideration	21,243
	80,003
<b>Total purchase consideration</b>	80,003

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 25 BUSINESS COMBINATIONS *(continued)*

	Acquiree's carrying amounts before acquisition HK\$'000	Provisional fair value adjustments HK\$'000	Provisional fair value HK\$'000
<b>Recognised amounts of identifiable assets acquired and liabilities assumed:</b>			
Property, plant and equipment	1,419	–	1,419
Intangible assets:	–	15,329	15,329
– Backlog	–	405	405
– Customer relationship	–	14,497	14,497
– Non-compete agreement	–	427	427
Inventories	12,576		12,576
Trade receivables	61,776		61,776
Prepayments, deposits and other receivables	11,821		11,821
Tax recoverable	151		151
Amount due from former shareholder	11,690		11,690
Cash and cash equivalents	44,983		44,983
Trade and bills payables	(49,412)		(49,412)
Accruals and other payables	(24,867)	375	(24,492)
Bank borrowings	(43,722)		(43,722)
Current income tax liabilities	(2,383)		(2,383)
Deferred income tax liabilities	–	(3,455)	(3,455)
	24,032	12,249	36,281
Goodwill			43,722
Total purchase consideration			80,003
Acquisition – related costs (included in administrative expenses in the consolidated statement of comprehensive income for the six months ended 30 June 2012)			1,162
Outflow of cash to acquire business, net of cash acquired:			
– Cash consideration			58,760
– Cash and cash equivalents in subsidiaries acquired			(44,983)
Cash outflow on acquisition			13,777

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **25 BUSINESS COMBINATIONS** *(continued)*

#### **(a) Contingent consideration**

The contingent consideration arrangement requires the Group to pay the former owners of Gallant Tech Group up to a maximum undiscounted amount of approximately HK\$27,300,000 based on the net profit of Gallant Tech Group for the years ending 31 December 2012, 31 December 2013 and 31 December 2014.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between HK\$0 and HK\$27,300,000. The fair value of the contingent consideration arrangement of HK\$21,243,000 was estimated by the income approach after discounting the probability weighted earn-out ratio. The fair value estimates are based on a discount rate of 7% and assumed probability-adjusted net profit in Gallant Tech Limited of ranging from HK\$5,500,000 to HK\$11,900,000 for the years ending 31 December 2012, 31 December 2013 and 31 December 2014.

As at 30 June 2012, there was an increase of HK\$680,000 recognised in profit or loss for the contingent consideration arrangement, as a result of the accretion of interest at an effective interest rate.

#### **(b) Fair value of identifiable intangible assets**

The identifiable intangible assets which are separable from goodwill include customer relationships, order backlogs and non-compete agreements. Fair values of these identifiable intangible assets have been estimated using the Multi-period Excess Earnings Method and Discounted Cash Flow Method, respectively. Deferred income tax of HK\$3,455,000 has been provided in relation to these fair value adjustments.

#### **(c) Revenue and profit contribution**

The acquired business contributed revenues of HK\$185,872,000 and net profit of HK\$4,101,000 to the Group for the period from 16 January 2012 to 30 June 2012. If the acquisition had occurred on 1 January 2012, consolidated revenue and consolidated profit for the half-year ended 30 June 2012 would have been HK\$195,294,000 and HK\$6,300,000, respectively.

#### **(d) Acquired receivables**

The fair value of trade and other receivables is HK\$73,648,000, which is also its gross contractual amount, of which HK\$51,000 is expected to be uncollectible.

#### **(e) Provisional fair value of identified assets acquired and liabilities assumed**

The fair value of identified assets acquired and liabilities assumed is provisional pending the finalisation of valuations for those assets and liabilities.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **26 SUBSEQUENT EVENTS**

- (a) On 4 July 2012, the Group entered into a non-legally binding letter of intent to acquire at least 73.33% of Baos Company Limited, a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of light guide plates and diffuser plates for the liquid crystal display and light emitting diode flat panel display markets, for a tentative consideration of US\$44,000,000. The proposed acquisition is expected to be completed by 30 September 2012.
- (b) On 6 July 2012, the Group entered into an agreement to acquire 66.6% issued share capital of Advanced Radio Device Technologies, Inc, a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of semiconductor and electronics which includes the research and development, sales and marketing of semiconductor and electronics, for a consideration of US\$2,199,995.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

Uncertainties continued to overshadow the global economy recovery in the first half of 2012. Number of unfavourable economic factors including Eurozone's debt crisis and fiscal woes in the United States, high inflation challenge in China continue to affect the manufacturing and technology sectors. These factors, combined with a change in product mix and drop of demand, inevitably affected the Group's performance. The Group's revenue dropped by 6.3% to HK\$604.0 million and its profit dropped by HK\$79.6 million. Nevertheless, the Group will strive to improve its results for the full year of 2012.

In the first half of 2012, the revenue of life touch accounted for 31.5% (corresponding period in 2011: 56.2%), while the remaining 68.5% (corresponding period in 2011: 43.8%) came from life energy, life security, automation and other segments.

### BUSINESS REVIEW

#### Life Energy

Life Energy consists of wireless charging devices and plasma lighting source products.

Wireless charging devices was the key growth driver in the life energy which recorded a significant increase of revenue of 128.1% to HK\$20.3 million as compared with the corresponding period in 2011. The remarkable performance of such was driven by the demand from PowerMat, a key strategic partner of the Group to which the Group, apart from its first subscription of 958 preferred A2 shares in May 2011, has further subscribed for 19,157 preferred B shares at a consideration of US\$999,995.4 in April 2012.

The backbone of PowerMat's growth mainly comes from its another strategic partner and investor – Procter & Gamble ("P&G"). P&G has formed a joint venture company with PowerMat named Duracell PowerMat, which is the leading provider of next generation drop and charge technology and backup batteries for phones and smartphones. As a major supplier and investor of PowerMat, the demand from Duracell PowerMat on wireless charging products drew substantial demand on our wireless charging products. The Group believes that through the strategic investment in PowerMat, its close relationships with P&G, Duracell and other international consumer goods manufacturers will further strengthen and widen our presence in the wireless charging market.

Plasma lighting source products was another focus of life energy. The Group has adopted a cautious approach in discreetly identifying potential projects that would secure profitability. During the reviewing period, the Group has actively engaged in a series of exhibition events, including 2012 Guangzhou International Lighting Exhibition, Hong Kong International Lighting Exhibition, Guangzhou International Lighting Exhibition and Hong Kong International Lighting Fair (Spring Edition). The Group believes that plasma lighting source products would still enjoy a promising prospect in the long run in view of its energy efficient nature.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Life Security**

Fingerprint biometric devices experienced a slight decrease of 11.2% as compared with the corresponding period in 2011. The Group believes that fingerprint biometric devices has huge growth potential due to increasing concerns over data security, identity recognition and internet payment.

During the first half of 2012, the Group through its wholly-owned subsidiary, Cybertouch-Tech Company Limited, acquired approximately 7.5% issued capital of DDS, Inc. (“DDS”), a Japanese corporation listed on the Tokyo Stock Exchange Mothers Market. DDS designs, develops, manufactures and markets fingerprint verification equipment, as well as the entrusted development of software. The Group believes that such acquisition of shares represents a valuable opportunity to foster the possible long term strategic business cooperation with DDS.

### **Life Touch**

Capacitive touch products continued to take up the largest share of the Group’s business in the first half of 2012. Sales of capacitive touch pads for use in computer notebooks and touch screen controllers and modules used in tablet PC fell by 64.4% and 87.8%, respectively as comparing with the corresponding period in 2011. Sales of touch screen controllers and modules used in smartphones climbed significantly by 52.2% as compared with the corresponding period in 2011.

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### **Automation**

Automation business, arising from the acquisition of the entire issued share capital of Gallant Tech Limited (“Gallant Tech”) in January 2012, recorded HK\$185.8 million of revenue in the first half of 2012 which accounting for 30.8% of the Group’s total revenue.

Gallant Tech provides, among other things, world class surface-mount technology assembly, test equipment and semiconductor packaging machines and the installation and application services.

The Group believes that this automation business will not only continue to broaden its revenue base, but will also become a significant driver of growth as manufacturers in China and elsewhere gradually turn to automation in response to rising labour costs.

### **Other Segments**

Other segments mainly consist of communication and automotive-related products.

The sales of automotive-related products increased by 8.0% to HK\$49.9 million, while the sales of communication-related products slightly declined by 2.9% to HK\$41.6 million, both of which accounting for 8.3% and 6.9% of total revenue, respectively. The market for communication products used in wireless base stations is expected to continue to grow as wireless networks expand their capacity to handle increasing amount of data transmission. The demand for automotive GPS and security systems is also expected to grow. Overall, communication and automotive-related products are expected to drive future revenue growth for the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The revenue for the six months ended 30 June 2012 amounted to HK\$604.0 million (corresponding period in 2011: HK\$664.3 million), analysed by business segments as follows:

	For the six months ended 30 June		2011 HK\$ million	% change	
	2012 HK\$ million				
Life energy	21.5	3.6%	44.7	6.9%	(51.9%)
Life security	95.4	15.8%	107.4	16.7%	(11.2%)
Life touch	190.1	31.5%	362.4	56.3%	(47.5%)
Automation	185.8	30.8%	–	–	100%
Other segments	111.2	18.3%	129.8	20.1%	(14.3%)
	<b>604.0</b>	<b>100%</b>	644.3	100.0%	(6.3%)

During the period under review, the Group's revenue fell slightly by 6.3% to HK\$604.0 million as compared with the corresponding period in 2011. Such fall is mainly due to less sales orders were received in each business segment, except for automation which is acquired in January 2012.

#### Gross Profit and Margin

As a result of the change in product mix, the gross profit for the six months ended 30 June 2012 amounted to HK\$61.6 million, a decrease of HK\$69.0 million as compared with the corresponding period in 2011. For the same reason, the gross profit margin for the six months ended 30 June 2012 has decreased from 20.3% to 10.2% as compared with the corresponding period in 2011.

#### Distribution Costs

Distribution cost for the period amounted to HK\$9.3 million, amounting to 1.5% of the total revenue. This represents an increase of 126.2% when compared to the corresponding period in 2011 mainly due to the inclusion of the automation business which was acquired in January 2012.

#### Administrative Expenses

During the period under review, administrative expenses increased to HK\$80.5 million from HK\$62.5 million, mainly due to the inclusion of the automation business which was acquired in January 2012.

#### Finance Costs – net

The net finance costs decreased by HK\$5.9 million as compared with the corresponding period in 2011. The decrease was primarily resulted from an increase in interest income.

#### Income Tax Expense

Income tax expense decreased by 65.1% to HK\$3.2 million as compared to the corresponding period in 2011, which was due to the decline in the profit for the period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Loss for the Period**

Loss for the period was HK\$28.5 million, as compared to a profit of HK\$51.1 million during the corresponding period in 2011.

### **FINANCIAL RESOURCES REVIEW**

#### **Liquidity Financial Resources and Debt Structure**

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As at 30 June 2012, the Group's cash and cash equivalents totalled HK\$451.3 million (31 December 2011: HK\$563.4 million). Working capital represented by net current assets amounted to HK\$299.2 million (31 December 2011: HK\$438.2 million). The Group's current ratio was 1.5 (31 December 2011: 1.9).

Bank borrowings included trust receipt loans amounting to HK\$126.4 million (31 December 2011: HK\$216.1 million) and bank loans amounting to HK\$149.1 million (31 December 2011: HK\$60.4 million) and are secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2012 and 31 December 2011, the Group was in a net cash position, representing the bank balances and cash exceeded total debts at the end of each reporting period.

#### **Subsequent events**

- (a) On 4 July 2012, the Group entered into a non-legally binding letter of intent to acquire at least 73.33% of Baos Company Limited, a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of light guide plates and diffuser plates for the liquid crystal display and light emitting diode flat panel display markets, for a tentative consideration of US\$44,000,000. The proposed acquisition is expected to be completed by 30 September 2012.
- (b) On 6 July 2012, the Group entered into an agreement to acquire 66.6% issued share capital of Advanced Radio Device Technologies, Inc., a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of semiconductor and electronics which includes the research and development, sales and marketing of semiconductor and electronics, for a consideration of US\$2,199,995.

#### **Capital Commitments**

At 30 June 2012, the Group had contracted but not provided for capital commitments of HK\$13.1 million (31 December 2011: HK\$59.3 million), and did not have any authorised but not contracted for capital commitments (31 December 2011: Nil).

#### **Currency Exposure and Management**

During the period, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. The Group's payments were mainly made in US dollars, Hong Kong dollars and Renminbi.

In respect of the Renminbi, as the Group's production plant is located in the PRC, most of the labour costs and manufacturing overheads were denominated in Renminbi. Therefore, the appreciation of Renminbi will adversely affect the Group's profitability. The Group will closely monitor the trend of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Future plans for capital investments and expected source of funding**

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 30 June 2012, the Group had total capital commitments of HK\$13.1 million mainly for the purchase of machineries, and the construction of additional production plants.

### **EMPLOYEES**

As at 30 June 2012, the Group had approximately 3,000 (31 December 2011: 2,335) full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore has recruited qualified and experienced personnel, with remuneration maintained at competitive levels.

### **BUSINESS OUTLOOK**

Against the backdrop of adverse operating environment of the OEM industry, looking forward, the Group would give its best effort in expanding the consumer product markets in order to enhance its market presence and profitability. The strategy of expansion in future remains on acquiring potential companies which could bring forth to the Group high technology capability and profit. Adhering to our motto, "From design, build-to-ship, and beyond", instead of standing fast with our current production capacity but to grow beyond, the Group has been seeking for growth through investment in companies that characterized by low operating cost with less labour intensive operation and high technology capability.

In July 2012, the Group acquired 43% stake in ARDT, a manufacturer of semiconductor and electronics which includes research and development, sales and marketing for semiconductor and electronics products. Through the acquisition, the Group eyes on the technology input from ARDT and its streamlined operation with low operating cost. The Group hopes that through the ARDT cooperation, our market in Radio Frequency communications products will be further extended.

For business development and marketing, the Group will continue to spend effort in promoting the Company's brand name and enhancing its market recognition to poise for future growth, through participating in international exhibitions, trade shows and technology forum. Furthermore, the Group plans to expand our business network in China to capture the continuous growing demand in the country.

Since awareness and concerns from corporations and general public over data security have been increasing, the Group believes that the demand for fingerprint biometric devices will sustain and will remain as a growth driver of the business in-view of the increasing demand for transactional security.

For the second half of 2012, the operating environment is expected to be challenging due to economic uncertainties. However, the Group has put in good effort in establishing a solid foundation, for overcoming challenges ahead. Nevertheless, the Group will continue to focus on providing life-technologies which can improve daily life quality and experience. Through already completed acquisitions and investments as well as seeking future potential value-adding investment opportunities in a prudent manner, the Group's profitability will possibly be improved accordingly, which is in the best interest of shareholders.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: HK0.512 cents per share).

### PURCHASE, SALE OR REDEMPTION OR CONVERSION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2012.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Wong Kwok Fong <sup>(Note)</sup>	Settlor of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	50,304,000	1.72%
	Interest of spouse	28,700,061	0.98%
Ms. Ching Pui Yi <sup>(Note)</sup>	Beneficiary of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	28,700,061	0.98%
	Interest of spouse	50,304,000	1.72%
Mr. Tan Hui Kiat	Beneficial owner	8,036,017	0.27%

#### Notes:

The entire issued share capital of Soar Plan Holdings Limited is held by Swan Hills Holdings Limited which is in turn ultimately held by the Credit Suisse Trust Limited as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong Kwok Fong as settlor and the Credit Suisse Trust Limited as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong Kwok Fong and Ms. Ching Pui Yi. Mr. Wong Kwok Fong and Ms. Ching Pui Yi are deemed to be interested in the 1,927,778,827 shares held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited pursuant to Part XV of the SFO and their respective interests duplicate the interests held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited.

Save as disclosed above, as at 30 June 2012, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as define below), at no time during the six months ended 30 June 2012 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the six months ended 30 June 2012.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Credit Suisse Trust Limited <sup>(Note)</sup>	Interest in a controlled corporation	1,927,778,827	65.86%
Swan Hills Holdings Limited <sup>(Note)</sup>	Interest in a controlled corporation	1,927,778,827	65.86%
Soar Plan Holdings Limited <sup>(Note)</sup>	Beneficial owner	1,927,778,827	65.86%

#### Notes:

The entire issued share capital of Soar Plan Holdings Limited is held by Swan Hills Holdings Limited which is in turn ultimately held by the Credit Suisse Trust Limited as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong Kwok Fong as settlor and the Credit Suisse Trust Limited as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong Kwok Fong and Ms. Ching Pui Yi. Mr. Wong Kwok Fong and Ms. Ching Pui Yi are deemed to be interested in the 1,927,778,827 shares held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited pursuant to Part XV of the SFO and their respective interests duplicate the interests held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited.

Save as disclosed above, as at 30 June 2012, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”), which was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010, for the purpose of providing incentive or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company and to enable the Group to recruit and retain employees of high calibre. The Scheme became effective on 24 November 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Eligible participants of the Scheme include the following:

- (i) Full-time or part-time employees; and
- (ii) Full-time or part-time independent non-executive directors of any member of the Group.

As at the date of this report, the total number of shares of the Company available for issue under the Scheme and any other share option scheme of the Group is 287,000,000, representing 9.8% of the issued share capital of the Company as at the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible person, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such eligible persons and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of options to a Director, chief executive or to a substantial shareholder of the Company or any of their respective associates is required to be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an Independent Non-Executive Director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue on the date of the offer;
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Company’s shares at the date of such grant,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

The offer of a grant of share options may be accepted by the date specified in the offer letter, upon payment of a nominal consideration of HK\$1 by the grantee.



## OTHER INFORMATION

### SHARE OPTION SCHEME *(continued)*

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Upon acceptance, the date of grant of any particular option is deemed to be the date of the Board resolution approving the grant in accordance with the Scheme. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Scheme by the shareholders.

As of the date of this interim report, no option has been granted or agreed to be granted under the Scheme.

### CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that there is no separation of the roles of Chairman and CEO, as stipulated in the code provision A2.1. Mr. Wong Kwok Fong (“Mr. Wong”) currently assumes the roles of both the Chairman and the CEO, of the Company. He is one of the founders of the Group and has extensive experience in manufacturing, supply chain and marketing functions in electronics and technologies. The Board believes that by holding both roles, Mr. Wong will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company’s present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will be maintained.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the six months ended 30 June 2012, they have complied with the provisions of the Model Code.

## **OTHER INFORMATION**

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference set out in the CG Code.

The principal duties of the audit committee includes the review and supervision of the Group's financial reporting matters and internal control procedures. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai, of which Mr. Wong Chun Bong is the chairman.

The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2012.

### **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.wwtt.hk](http://www.wwtt.hk)). The 2012 Interim Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

### **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board  
**World Wide Touch Technology (Holdings) Limited**  
**Wong Kwok Fong**  
*Chairman and Chief Executive Officer*

Hong Kong, 24 August 2012